HCR Multifamily Finance 9% RFP – Summer 2021

Questions and Answers #4

Design:

Q1: If an application includes HPD funds, does HCR defer to HPD design guidelines? If so, how should that be reflected in the design submission?

A: Projects in New York City with HPD involvement may utilize HPD criteria for dwelling unit size (reference pg. 40 of HCR Design Guidelines). This does not require a waiver, but the applicant should indicate in the application that the project includes funding from HPD and that the dwelling unit sizes meet the HPD criteria. Any other design elements that do not meet the criteria of the Design Guidelines, should request a waiver.

Environmental:

Q1: Does the site suitability report need to be dated within a certain period of the application submission date or deadline?

A: Yes, the site suitability analysis must be dated within one year of the application deadline.

RFP:

Q1: A project has an appraisal dated August 24, 2020 that includes a valuation date of August 21, 2020. Would the appraisal, together with a letter from the appraiser that states nothing has changed, satisfy the timing requirement if an application is submitted to HCR under the Summer 2021 RFP on or before August 24, 2021?

A: A new appraisal is required. An appraisal update letter is acceptable only if the appraisal was performed less than one year prior to the application deadline date of August 26th.

Q2: The Summer 2021 RFP requires market studies to include a primary market area (PMA) map, which shows only the existing regulated affordable housing properties in the project's PMA. Does "existing affordable housing properties" include Rural Development, Section 8, public housing and tax credit projects that are within the PMA? Further, should the "existing affordable housing properties" include both senior and family existing affordable housing properties regardless of what population the subject is targeting?

A: Yes, the PMA map should include all existing affordable housing properties described above and should also include both senior and family existing affordable housing properties regardless of what population the subject is targeting.

Application:

Q1: Regarding Attachment C-2: Neighborhood-Specific Revitalization Plan, it is necessary to address how the project advances the New York State Consolidated Plan?

A: Attachment C-2 is based on the neighborhood-specific revitalization plan associated with the proposed project. DO NOT attach the New York State Consolidated Plan.

Q2: Does the 9% LIHTC/SLIHC Program Eligibility question concerning the tenant buy-out plan apply to new construction projects if the regulatory term for 9% LIHTC/SLIHC is 50 years? Is the tenant buy-out plan an optional submission for competitive points?

A: Section 2040.3(e)(16) of the 9% LIHTC QAP states "(i) the project will be a qualified low-income housing project subject to a regulatory agreement with the Division for no less than 30 years; however, the minimum term may be increased as set forth in the annual request for proposals for each funding round; **or** (ii) be conveyed pursuant to an effective plan for existing tenants to purchase the project at the end of the compliance period." The "compliance period" refers to Year 15 of the project's operation. The tenant buy-out plan is an optional submission and it is not a criteria for qualifying for competitive points.

Q3: Is the new PHA Linkage Agreement able to be modified prior to application submission?

A: A PHA Linkage Agreement must be submitted as set forth on the HCR website in order to qualify for points. Any proposed modifications to an executed PHA Linkage Agreement are subject to review and negotiation with FEHO on a post-award basis.

Underwriting:

Q1: What is the maximum developer fee on a 9% LIHTC project?

A: The developer fee is limited to 10% of acquisition and improvements. The developer fee may be increased up to 15% of improvements, which may be subject to other limitations, if the developer or its affiliates provide both a cost completion guarantee and an operating deficit guarantee.

Q2: Is an appraisal required for a project requesting HOME funds with an acquisition cost of $1?

A: Section 5.03.03 of the CPM states "Appraisals are required for any project with a total budgeted acquisition cost of more than $100,000. If there is an identity of interest between the seller and any project participant, or if an applicant proposed the use of HOME funds, an appraisal must be provided even if the acquisition cost is below $100,000."

Q3: For an occupied preservation moderate rehabilitation project, will HCR allow for a higher contingency to be part of the budget that is over the 5% contingency noted in the CPM?

A: 5% hard cost contingency is the HCR standard for new construction and tenant occupied rehabilitation/preservation projects. HCR will not fund hard cost contingency above 5% in determining its funding amounts.

Q4: For a 9% LIHTC/HTF project with a mix of new construction and rehabilitation units, how should the annual replacement reserve be calculated?

A: $250 per units for the new construction units and $300 for the rehab units should be shown in the budget.

Q5: Is there a required SONYMA Income to Expense Ratio in a project with SHOP, federal Housing Trust Fund (FHTF), HHAP and deferred developer fee?

A: SONYMA income to expense ratio is only relevant in projects with a SONYMA insured permanent loan. In projects without conventional permanent debt, the 15-year operating proforma must show sufficient income to cover operating expenses and any hard pay debt service for 15 years.